

# MICHIGAN ECONOMIC INDICATORS

A newsletter on key economic indicators prepared by the Senate Fiscal Agency.

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## ECONOMIC HIGHLIGHTS

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- The advance estimate for **inflation-adjusted Gross Domestic Product (GDP)** in the second quarter of 2008 indicated an annualized growth rate of 1.9%, up from a 0.9% increase during the first quarter of 2008 and a 0.2% decrease in the fourth quarter of 2007. The lower value of the dollar helped increase exports and reduce imports in the second quarter of 2008, accounting for more than the overall improvement in the growth rate. Rebate checks appeared to boost consumption slightly and higher State and local spending helped push up the growth rate; however, reduced investment, particularly lower business inventories, more than offset the increases from consumption and government spending.
- The **U.S. Consumer Price Index** for June grew at an annual rate of 13.4% from the May level and was 4.9% above the May 2007 level. Higher energy prices dominated the monthly changes in the CPI components, rising 6.6% above the May level (a 116.3% annual rate and up 24.4% from one year ago) and accounting for two-thirds of the increase in the overall index. Food prices exhibited the next largest increase, rising 0.8% above the May level (a 9.6% annual rate and up 5.3% from June 2007).
- **Oil prices** continued to rise in June, with West Texas Intermediate Crude averaging \$133.90 per barrel, compared with \$125.40 in May. Prices were up 98.5% from the \$67.50 recorded in June 2007.
- Seasonally-adjusted **light vehicle sales** declined for the sixth consecutive month in June, falling 4.1% from the May level and down 13.2% from the level one year ago. Total light vehicle sales were at their lowest level since August 1993. Compared with one year ago, sales of light trucks were down 24.6%. Sales of imported automobiles exhibited the only monthly or year-over-year gains of any segment, rising 11.8% from the year-ago level.



- **Michigan wage and salary employment** increased by 17,000 jobs in June from the May level, but was 49,000 jobs below the June 2007 level. Combined with the 5,800-job increase in May, June marked the largest two-month increase since April 2000. Manufacturing employment accounted for the majority of the monthly gain, rising 15,000 jobs, although manufacturing employment was still 29,000 jobs down from one year ago.
- **Michigan personal income** grew at a 3.9% annualized rate during the first quarter of 2008, ranking 25<sup>th</sup> among the states. States with weaker growth were generally located in the New England and Rocky Mountain regions. Nationally, changes in grain prices and agricultural reliance affected the distribution of growth rates, although Michigan's performance largely reflected stronger earnings in the manufacturing, retail trade, and health care sectors.
- **Michigan motor vehicle production** rose markedly in June from the May level but was down significantly from one year ago. Total June production was down 21.7% from one year ago, with truck production down 32.8% and automobile production down 7.3%. However, compared with May, truck production was up 46.2% while automobile production was up 2.5%.



JUNE 2008

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**U.S. & MICHIGAN LABOR MARKET NEWS**  
(Seasonally adjusted, thousands)

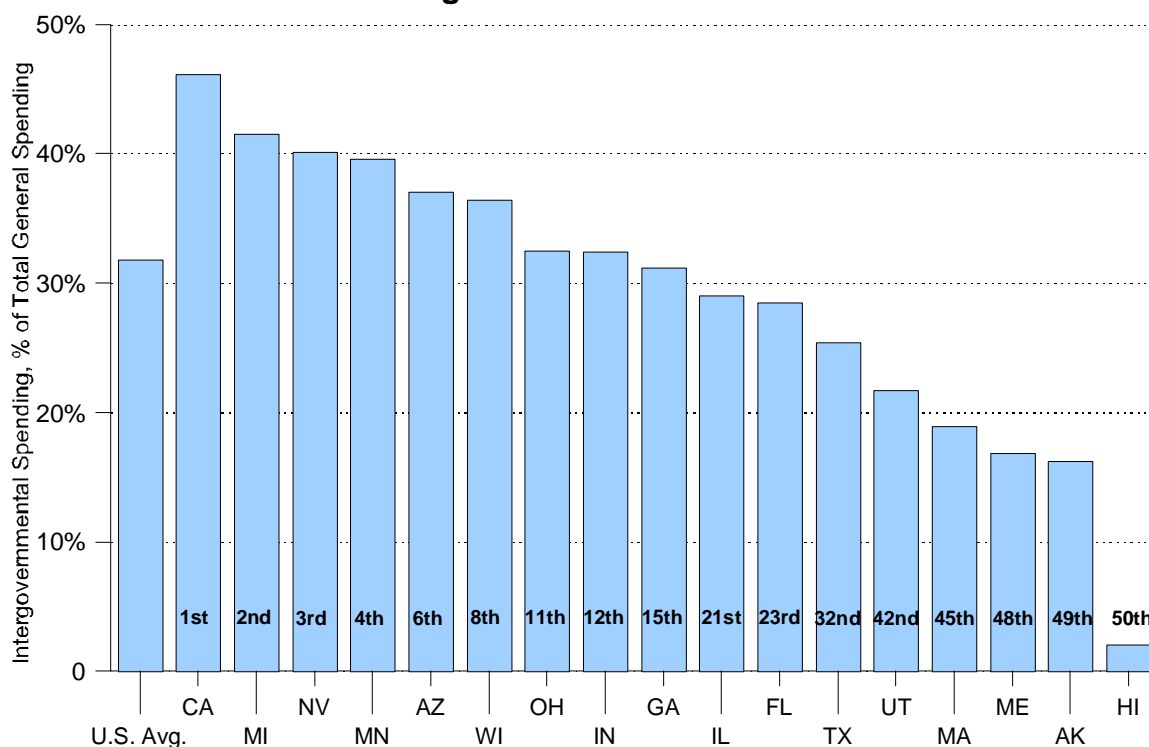
U.S.	June 2008	May 2008	June 2007	Change from May		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	154,390	154,534	153,085	(144)	(0.1)%	1,305	0.9%
Employment	145,891	146,046	146,087	(155)	(0.1)	(196)	(0.1)
Unemployment	8,499	8,488	6,998	11	0.1	1,501	21.4
Unemployment Rate	5.5%	5.5%	4.6%	---	---	---	---

Michigan	June 2008	May 2008	June 2007	Change from May		Change from Year Ago	
				Number	Percent	Number	Percent
Labor Force	4,992	5,007	5,024	(16)	(0.3)%	(32)	(0.6)%
Employment	4,568	4,579	4,667	(11)	(0.2)	(99)	(2.1)
Unemployment	423	428	357	(5)	(1.1)	67	18.7
Unemployment Rate	8.5%	8.5%	7.1%	---	---	---	---

**Source:** Bureau of Labor Statistics, U.S. Department of Labor

**State Revenue to Local Units of Government (Incl. Schools), 2006**  
**Michigan Ranks 2nd Overall**



**Source:** Bureau of the Census, U.S. Department of Commerce

<b>MICHIGAN WAGE AND SALARY EMPLOYMENT</b> (Seasonally adjusted, thousands)							
	June 2008*	May 2008	June 2007	<u>Change from May</u>		<u>Change from Yr Ago</u>	
				Number	Percent	Number	Percent
<b>Total Wage &amp; Salary Jobs</b>	4,222	4,205	4,270	17	0.4%	(49)	(1.1)%
<b>Goods Producing Industries</b>	750	736	795	14	1.9	(44)	(5.6)
Natural Resources & Mining	7	7	8	0	2.8	(0)	(5.2)
Construction	151	152	166	(1)	(0.8)	(15)	(8.8)
Manufacturing	592	577	621	15	2.6	(29)	(4.7)
Transportation Equipment	188	172	206	15	8.9	(18)	(8.9)
<b>Service Producing Industries</b>	3,471	3,468	3,476	3	0.1	(4)	(0.1)
Trade, Transportation & Utilities	785	785	788	0	0.0	(3)	(0.4)
Information	64	65	66	(0)	(0.5)	(1)	(2.0)
Financial Activities	207	208	212	(0)	(0.0)	(4)	(2.1)
Professional & Business Services	576	582	574	(6)	(1.0)	2	0.3
Education & Health Services	605	604	595	1	0.1	9	1.6
Leisure & Hospitality Services	406	405	405	2	0.4	1	0.2
Other Services	176	176	177	0	0.0	(1)	(0.4)
Government	652	645	659	7	1.0	(7)	(1.0)
<b>Source:</b> Bureau of Labor Statistics, U.S. Department of Labor <span style="float: right;">* Preliminary</span>							

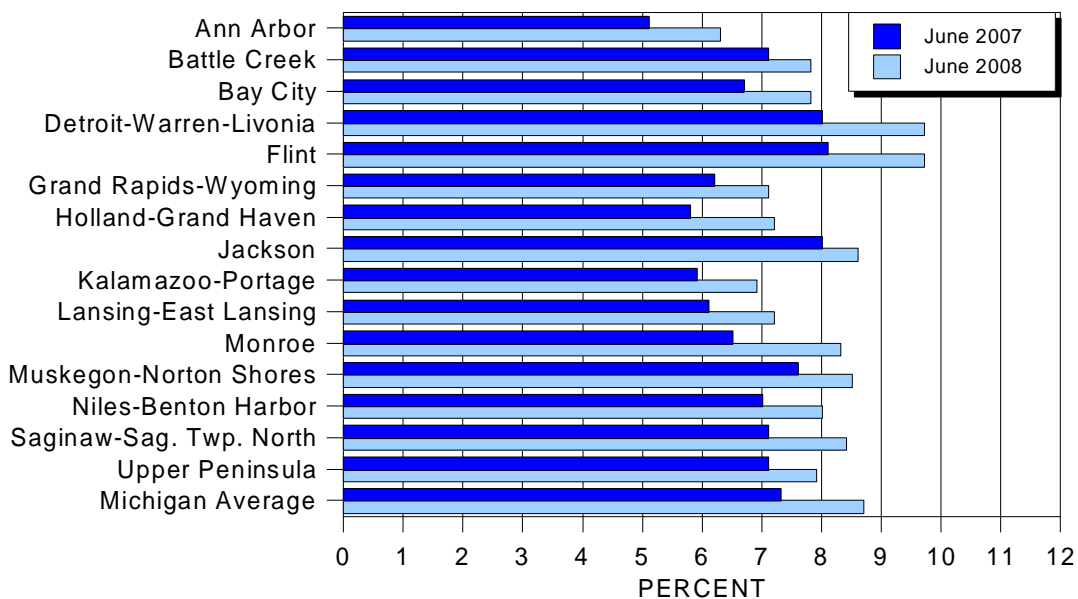
<b>MICHIGAN AVERAGE WEEKLY HOURS AND EARNINGS</b>						
Industry	<u>Average Weekly Hours</u>			<u>Average Weekly Earnings</u>		
	June 2008	Year Ago	Percent Change	June 2008	Year Ago	Percent Change
Construction	36.1	37.6	(4.0)%	\$790.23	\$821.94	(3.9)%
Manufacturing	42.6	43.3	(1.6)	962.76	963.43	(0.1)
Durable Goods	44.2	44.6	(0.9)	1,080.69	1,073.08	0.7
Transportation Equipment Mfg.	44.8	43.5	3.0	1,273.66	1,242.36	2.5
Motor Vehicle Parts Mfg.	43.8	44.5	(1.6)	1,121.72	1,175.69	(4.6)
Nondurable Goods	37.2	38.9	(4.4)	570.65	604.12	(5.5)
Wholesale Trade	38.7	39.6	(2.3)	743.04	764.68	(2.8)
Retail Trade	30.5	31.1	(1.9)	378.20	378.80	(0.2)
Food & Beverage Stores	27.6	29.2	(5.5)	300.84	302.22	(0.5)
Information	33.8	34.4	(1.7)	779.77	726.53	7.3
Financial Activities	35.2	34.4	2.3	678.66	620.23	9.4
Professional & Business Services	34.2	34.8	(1.7)	685.71	676.86	1.3
Health Care & Social Assistance	34.7	36.3	(4.4)	606.56	614.20	(1.2)
Leisure & Hospitality	22.4	22.7	(1.3)	206.75	203.85	1.4
Accommodation & Food Services	22.4	22.7	(1.3)	200.93	196.36	2.3
<b>Source:</b> Bureau of Labor Statistics, U.S. Department of Labor						

**MICHIGAN UNEMPLOYMENT RATES  
BY SELECTED METROPOLITAN AREAS AND MULTI-COUNTY AREAS  
(Not Adjusted for Seasonal Variations)**

	June 2008*	May 2008	Apr. 2008	June 2007
<b>Metropolitan Statistical Areas</b>				
Ann Arbor	6.3%	6.0%	4.2%	5.1%
Battle Creek	7.8	7.5	5.9	7.1
Bay City	7.8	8.0	6.6	6.7
Detroit-Warren-Livonia	9.7	8.9	6.9	8.0
Flint	9.7	11.1	9.3	8.1
Grand Rapids-Wyoming	7.1	6.8	5.3	6.2
Holland-Grand Haven	7.2	6.8	5.2	5.8
Jackson	8.6	8.3	6.5	8.0
Kalamazoo-Portage	6.9	6.3	4.9	5.9
Lansing-East Lansing	7.2	7.2	5.1	6.1
Monroe	8.3	8.8	6.4	6.5
Muskegon-Norton Shores	8.5	8.3	6.5	7.6
Niles-Benton Harbor	8.0	7.5	5.9	7.0
Saginaw-Saginaw Twp North	8.4	9.0	7.3	7.1
<b>Multi-County Areas</b>				
Northeast Lower Michigan	9.2	9.6	9.8	8.4
Northwest Lower Michigan	7.6	8.1	7.8	6.8
Upper Peninsula	7.9	7.9	7.6	7.1
<b>Michigan Statewide Average</b>				
-- Unadjusted (comparable to figures shown above)	8.7	8.3	6.6	7.3
<b>Source:</b> Michigan Department of Labor and Economic Growth				*Preliminary

**Michigan Regional Unemployment Rates**

June 2007 and June 2008



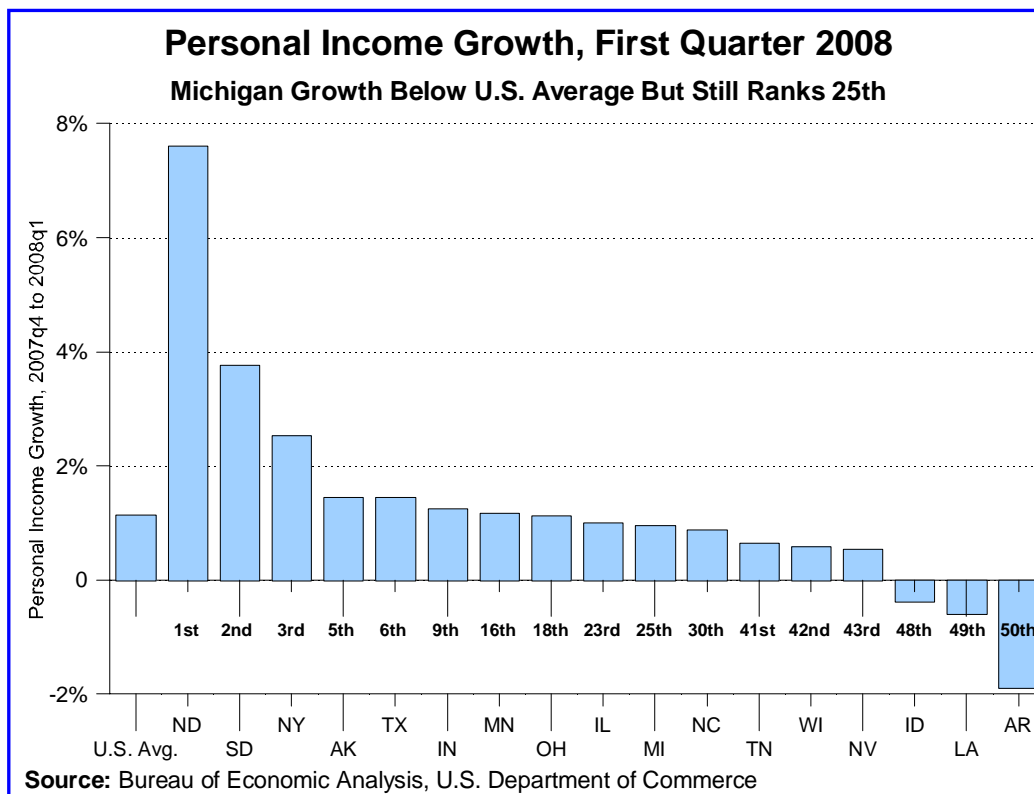
**Source:** Michigan Department of Labor and Economic Growth

**MOTOR VEHICLE SALES AND PRODUCTION STATISTICS  
(Thousands of Units)**

	June 2008	May 2008	Apr. 2008	Mar. 2008	Year Ago June	Percent Change From:	
						June/May	June 2008/ June 2007
<b>Motor Vehicle Sales<sup>1)</sup></b> (thousands of units, SAAR)							
Autos	7,536	7,879	7,481	7,525	7,622	(4.4)%	(1.1)%
Domestics	4,876	5,269	4,945	4,987	5,242	(7.5)	(7.0)
Imports	2,660	2,610	2,536	2,538	2,380	1.9	11.8
Import Share	35.3%	33.1%	33.9%	33.7%	31.2%	---	---
Light Trucks	6,093	6,333	6,982	7,514	8,083	(3.8)	(24.6)
Domestics	5,062	5,189	5,739	6,212	6,707	(2.4)	(24.5)
Imports	1,031	1,144	1,243	1,302	1,376	(9.9)	(25.1)
Import Share	16.9%	18.1%	17.8%	17.3%	17.0%	---	---
Subtotal: Light Vehicle Sales	13,629	14,212	14,463	15,039	15,705	(4.1)	(13.2)
Heavy Trucks	320	325	333	315	356	(1.5)	(10.1)
Total Vehicle Sales	13,949	14,537	14,796	15,354	16,061	(4.0)	(13.1)
<b>U.S. Motor Vehicle Production<sup>1)</sup></b> (millions of units, SAAR)							
Autos	3,731	3,616	3,505	3,982	3,997	3.2	(6.7)
<b>Michigan Motor Vehicle Production<sup>2)</sup></b> (thousands of units, SAAR)							
Autos	1,030	1,005	899	911	1,110	2.5	(7.3)
Trucks	972	665	882	819	1,447	46.2	(32.8)
Total	2,002	1,670	1,780	1,730	2,558	19.9	(21.7)
Michigan Production as % of U.S.	21.1%	19.9%	19.9%	22.3%	22.1%	---	---
<b>U.S. Motor Vehicle Inventories<sup>3)</sup></b>							
Total Car	1,235	1,264	1,404	1,442	1,415	(2.3)	(12.7)
Days Supply	43	41	54	53	51	4.9	(15.7)
Total Truck	1,967	1,915	1,943	1,909	2,014	2.7	(2.3)
Days Supply	94	90	89	76	77	4.4	22.1

SAAR = Seasonally Adjusted at Annual Rates.

**Sources:** 1) U.S. Department of Commerce, Bureau of Economic Analysis. 2) Michigan Department of Treasury, Office of Revenue and Tax Analysis and the Senate Fiscal Agency. 3) Automotive News, Crain Communications, Inc. (ending inventory).



OTHER KEY ECONOMIC INDICATORS

Variable	Latest Period	Actual Data			Percent Chng From	
		Latest Period	Previous Period	Year Ago	Previous Period*	Year Ago
<b>Index of Consumer Sentiment</b> , monthly <sup>1)</sup> (1992=100)	June	56.4	59.8	85.3	(5.7)%	(33.9)%
<b>Oil Prices</b> <sup>2)</sup> (\$ per barrel, West Texas Intermediate Crude)	June	\$133.9	\$125.4	\$67.5	6.8	98.5
<b>Housing Starts, U.S.</b> <sup>3)</sup> (thousands of units, SAAR)	June	1,066	977	1,458	9.1	(26.9)
<b>Retail Sales, U.S.</b> <sup>3)</sup> (billions, seasonally adjusted)	June	\$345.9	\$345.6	\$335.9	0.1	3.0
<b>Industrial Production Index</b> <sup>4)</sup> (1997=100, seasonally adjusted)	June	111.7	111.2	111.4	0.5	0.3
<b>Capacity Utilization</b> <sup>4)</sup> (% of total capacity, seasonally adjusted)	June	79.9	79.6	81.0	0.4	(1.4)
<b>Consumer Price Index</b> <sup>5)</sup> (1982-84=100)						
U.S. (seasonally adjusted)	June	217.4	215.1	207.2	13.4	4.9
Detroit (not seasonally adjusted)	June	207.6	205.3	201.6	7.0	3.0
<b>Interest Rates</b>						
3-month Treasury Bill <sup>4)</sup>	June	1.90%	1.71%	4.63%	---	---
Corporate Aaa Bonds <sup>4)</sup>	June	5.68%	5.57%	5.79%	---	---
<b>Real Gross Domestic Product</b> <sup>6)</sup> (billions of 2000 \$, SAAR, Chain-Weighted)	2008 1st Qtr.	\$11,700.6	\$11,646.0	\$11,491.4	1.9	1.8
<b>Michigan Tax Collections</b> <sup>7)</sup> (12 major taxes, millions)	June 2008	\$1,941.5	\$1,457.8	\$1,595.6	NM	21.7

SAAR = Seasonally Adjusted at Annual Rates. NM = Not Meaningful.

Revenue data vary greatly from month-to-month due to timing and other noneconomic factors.

\*Note: Percent changes from previous period for CPI and GDP at annual rate.

**Sources:** 1) Reuters/University of Michigan Surveys of Consumers. 2) Dow Jones & Company/Federal Reserve Bank of St. Louis. 3) U.S. Department of Commerce, Bureau of the Census. 4) Board of Governors of the Federal Reserve System. 5) U.S. Department of Labor, Bureau of Labor Statistics. 6) U.S. Department of Commerce, Bureau of Economic Analysis. 7) Michigan Department of Treasury and the Senate Fiscal Agency.

